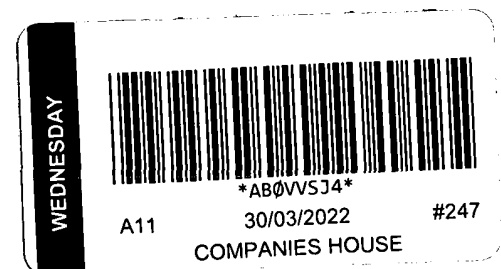


Registration number: 03462675  
(England and Wales)

# Capital Hill Hotels Group London Limited

Annual Report and Financial Statements

For the year ended 31 December 2020



## **Capital Hill Hotels Group London Limited**

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## **Capital Hill Hotels Group London Limited**

### **Company Information**

<b>Directors</b>	SM Teasdale E Kassianos
<b>Company secretary</b>	R Sooriah
<b>Company number</b>	03462675
<b>Registered office</b>	Holiday Inn London Heathrow M4 J4 Sipson Road West Drayton UB7 0JU
<b>Auditors</b>	BDO LLP Statutory Auditor United Kingdom

## **Capital Hill Hotels Group London Limited**

### **Strategic Report**

*For the year ended 31 December 2020*

The directors present their strategic report for the year ended 31 December 2020.

#### **Principal activity**

The principal activity of the company is to own and operate two five-star hotels in central London - St. Martins Lane and Sanderson.

#### **Business review**

##### *Fair review of the business*

The company was sold to Green UK Bidco Limited, whose intermediate parent is Vivion Investments Sarl, on 7 January 2020.

Total revenue decrease by 84.2% (£32.5m) year-on-year due to the impact of Covid-19 on the company's trading activities. The net loss after tax for the year was £7.5m.

On 23 March 2020 both the Sanderson and Saint Martins Lane hotels closed due to Covid-19 restrictions. Saint Martins Lane reopened between 1 October 2020 and 4 November 2020 and has remained open from 21 May 2021. The Sanderson has not yet reopened.

#### **Key performance indicators**

The key performance indicators for the company are ARR (Average Room Rate), Occupancy (total available rooms divided by the rooms expressed as a percentage), and RevPAR (Revenue Per Available Room) which is a combination of both expressed as £'s.

In the year under review and for the period that the hotels were open the combined Occupancy for the hotels was 44.1% (2019: 86.4%) and the ARR achieved was £237.18 (2019: £264.44). RevPAR (the product of ARR and Occupancy) during the period was £104.64 (2019: £227.22), which represents a year-on-year decrease of 53.95%.

#### **Principal risks and uncertainties and financial risk management objectives and policies**

The Board of directors have the overall responsibility for the establishment and oversight of the risk management framework. The senior management is responsible for developing and monitoring the risk management policies and reports regularly to the Board of directors. The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and company's activities.

#### **Credit risk**

The company's principal financial assets are loans to subsidiaries. Receivable balances are monitored on an ongoing basis and provisions are made when there is objective evidence of impairment. The amounts presented in the balance sheet are net of expected credit losses.

## **Capital Hill Hotels Group London Limited**

### **Strategic Report**

*For the year ended 31 December 2020 (continued)*

#### ***Liquidity risk***

The company is financed by way of intercompany loans. The company manages liquidity risk by maintaining a balance between the continuity of funding and flexibility through use of loans from the company's group undertakings. The group has agreed to provide sufficient liquidity as necessary to allow the company to meet its obligations for at least the next twelve months from the date of approval of these financial statements.

#### **Section 172(1) statement**

Information required by s172(1) of the Companies Act 2006 which is not documented below is shown within the 'Business review' and 'Principal risks and uncertainties' sections of the Strategic Report.

The directors have acted in a way that they consider to be most likely to promote the success of the company for the benefit of all stakeholders; fostering high standards, good governance, an appropriate code of conduct and the need to act fairly for all members of the company. The directors consider that the company's key stakeholders are its clients, owners, employees, suppliers, and the local community. It is considered vital that strong relationships are built with key stakeholders, which are both meaningful and mutually beneficial. Appropriate due diligence is done before entering into new relationships with any key supplier to ensure the propriety of the business operations, including considerations of environmental and social responsibilities.

Approved by the Board on 24 March 2022 and signed on its behalf by:

DocuSigned by:



.....F5E9E588275743F.....

E Kassianos  
Director

## **Capital Hill Hotels Group London Limited**

### **Directors' Report**

*For the year ended 31 December 2020*

The directors present their report and the financial statements for the year ended 31 December 2020.

#### **Future developments**

Since the year end the company has disposed of its operations (see below) and now acts as an investment holding company.

#### **Going concern**

The directors' assessment of the company's ability to continue as a going concern is discussed in note 2 to the financial statements.

#### **Dividends**

The directors do not recommend a dividend for the current period. No dividend was paid in the current and prior period.

#### **Financial risk management**

The company's financial risk management policies are discussed in the Strategic Report.

#### **Directors of the company**

The directors, who held office during the year, were as follows:

DMA Beveridge (resigned 19 June 2020)

SM Teasdale

E Kassianos (appointed 19 June 2020)

#### **Employment policy**

The company's policy is to give full and fair consideration for application for employment made by people with disabilities. Whenever possible we will continue the employment of staff that become disabled and provide equal opportunities for the training and development of disabled employees.

The company recognises the importance of the employees within its business and annually provides a communication program at which the company's achievements and goals are expressed.

#### **Important non adjusting events after the financial period**

On 28 July 2021, the company disposed of all its property, plant and equipment through a sale & leaseback arrangement to two subsidiary entities. On 30 July 2021, the company disposed of its hotel operations to two related party entities.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

## **Capital Hill Hotels Group London Limited**


### **Directors' Report**

*For the year ended 31 December 2020 (continued)*

#### **Auditors**

The auditors BDO LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 24 March 2022 and signed on its behalf by:

DocuSigned by:  
  
F5E9E588275743F...  
.....  
E Kassianos  
Director

## **Capital Hill Hotels Group London Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Capital Hill Hotels Group London Limited**

### **Independent Auditor's Report to the Members of Capital Hill Hotels Group London Limited**

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Capital Hill Hotels Group London Limited (the 'company') for the year ended 31 December 2020, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## **Capital Hill Hotels Group London Limited**

### **Independent Auditor's Report to the Members of Capital Hill Hotels Group London Limited (continued)**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Capital Hill Hotels Group London Limited**

### **Independent Auditor's Report to the Members of Capital Hill Hotels Group London Limited (continued)**

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### ***Extent to which the audit was capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant.
- We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates, in particular the useful lives of assets and impairment reviews for related party receivables, are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.


A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Capital Hill Hotels Group London Limited**

### **Independent Auditor's Report to the Members of Capital Hill Hotels Group London Limited (continued)**

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Richard Levy (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

25 March 2022  
Date:.....

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Capital Hill Hotels Group London Limited

### Income Statement

*For the year ended 31 December 2020*

	Note	2020 £ 000	2019 £ 000
Revenue	4	6,153	38,686
Cost of sales		<u>(5,711)</u>	<u>(13,879)</u>
<b>Gross profit</b>		<b>442</b>	<b>24,807</b>
Administrative expenses		(11,632)	(20,266)
Other operating income	5	3,084	-
Other losses	6	<u>-</u>	<u>(12,360)</u>
<b>Operating loss</b>	7	<b>(8,106)</b>	<b>(7,819)</b>
Finance costs	8	<u>(115)</u>	<u>(3,037)</u>
<b>Loss before tax</b>		<b>(8,221)</b>	<b>(10,856)</b>
Tax credit/(charge)	16	<u>769</u>	<u>(797)</u>
<b>Loss for the year</b>		<b><u>(7,452)</u></b>	<b><u>(11,653)</u></b>
<b>Loss attributable to:</b>			
Owners of the company		<u>(7,452)</u>	<u>(11,653)</u>

There is no other comprehensive income for the period other than those included above, therefore a statement of other comprehensive income has not been presented.

## Capital Hill Hotels Group London Limited

### Statement of Financial Position

At 31 December 2020

	Note	2020 £ 000	2019 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	89,621	92,552
<b>Current assets</b>			
Inventories	13	241	323
Trade and other receivables	14	415	3,009
Income tax asset		477	-
Cash and cash equivalents	15	333	2,699
		<u>1,466</u>	<u>6,031</u>
<b>Total assets</b>		<b><u>91,087</u></b>	<b><u>98,583</u></b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share premium reserve		19,500	19,500
Profit and loss account		<u>(21,851)</u>	<u>(14,399)</u>
		<u>(2,351)</u>	<u>5,101</u>
<b>Non-current liabilities</b>			
Loans and borrowings	17	4,393	1,103
Deferred tax liabilities	18	<u>3,219</u>	<u>3,155</u>
		<u>7,612</u>	<u>4,258</u>
<b>Current liabilities</b>			
Trade and other payables	20	85,826	4,339
Loans and borrowings	17	-	84,383
Income tax liability		-	502
		<u>85,826</u>	<u>89,224</u>
<b>Total liabilities</b>		<b><u>93,438</u></b>	<b><u>93,482</u></b>
<b>Total equity and liabilities</b>		<b><u>91,087</u></b>	<b><u>98,583</u></b>

The Statement of Financial Position continues on the following page.

## **Capital Hill Hotels Group London Limited**

### **Statement of Financial Position**

*At 31 December 2020 (continued)*

The notes on pages 15 to 30 form an integral part of these financial statements.

Approved by the Board on 24 March 2022 and signed on its behalf by:

DocuSigned by:



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E Kassianos

Director

**Company registered number: 03462675**

## Capital Hill Hotels Group London Limited

### Statement of Changes in Equity For the Year Ended 31 December 2020

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	-	19,500	(2,746)	16,754
Loss for the year	-	-	(11,653)	(11,653)
Total comprehensive income	-	-	(11,653)	(11,653)
At 31 December 2019	-	19,500	(14,399)	5,101

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	-	19,500	(14,399)	5,101
Loss for the year	-	-	(7,452)	(7,452)
Total comprehensive income	-	-	(7,452)	(7,452)
At 31 December 2020	-	19,500	(21,851)	(2,351)

## **Capital Hill Hotels Group London Limited**

### **Notes to the Financial Statements**

*For the year ended 31 December 2020*

#### **1 General information**

Capital Hill Hotels Group London Limited (the company) is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England. The address of its registered office is disclosed in the company information. The principal activity of the company is described in the Strategic Report.

#### **2 Accounting policies**

##### **(a) Basis of preparation**

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006.

The presentation and functional currency of the company is pounds sterling. The financial statements are presented in thousands of pounds (£'000) unless stated otherwise.

##### **(b) Summary of disclosure exemptions**

The following exemptions from the requirements of IFRS have been applied in preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1 Presentation of financial statements:
  - 10(d) statement of cash flows
  - 16 statement of compliance with all IFRS
  - 134-136 capital management disclosures,
- Paragraph 30 and 31 of IAS 8, disclosure and impact of new IFRSs that has been issued but not yet effective, and
- The requirements in IAS 24 of Related party disclosures, to disclose related party transactions entered between two or more members of a group.

Where relevant equivalent disclosures have been given in the consolidated financial statements of Vivion Investments Sarl which will be available to the public and can be obtained from 155 rue Cents, L-1319, Luxembourg.

## **Capital Hill Hotels Group London Limited**

### **Notes to the Financial Statements**

*For the year ended 31 December 2020 (continued)*

#### **2 Accounting policies (continued)**

##### **(c) Going concern**

The Company has received an undertaking from its parent, Green UK Bidco Limited, that no intra-group amounts owed by the Company will be called for repayment for a period of at least 12 months from the date of approval of these financial statements unless the Company is in a position to make payments without adversely affecting its ability to continue to trade and settle any future obligations.

A fellow subsidiary undertaking has provided a letter confirming that it will continue to provide such financial support as the Company requires to meet its obligations and liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The directors recognise that the company is reliant on the financial support of a fellow subsidiary undertaking and they have performed procedures to satisfy themselves that the intermediate company is in a position to provide this support.

Whilst it is acknowledged that COVID-19 has had a profound impact on the global and UK economy and businesses, the directors have prepared cash flow forecasts for the company and its fellow subsidiaries for a period of 12 months from the date of signing these accounts, which reflect the potential impact of COVID-19. These forecasts show that the company is expected to be able to meet all its liabilities as they fall due for the next 12 months. These financial statements have therefore been prepared on the going concern basis.

##### **(d) Government grants**

Grants are recognised when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. The grants are recognised in the income statement (under other operating income) over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

##### **(e) Revenue recognition**

The company earns revenue from the rental of rooms and conference facilities and the sale of food and beverage products. This revenue is recognised in the accounting period when services are rendered or control of the product has been transferred at an amount that reflects the consideration that the entity expects to be entitled for fulfilling its performance obligations.

###### *Rental of rooms and conference facilities*

Revenue from rental of rooms and conference facilities is recognised in the accounting period when the room or facility had been provided. The company considers its performance obligation to be fulfilled at the end of a guest's stay. The transaction price of room and conference facility rental is at rates specified at time of booking.

###### *Sale of food and beverages*

Revenue from the sale of food and beverage is recognised in the accounting period when control of the product has been transferred. The company considers its performance obligation to be fulfilled at point of sale. The transaction price of food and beverage is the retail price of the product less value added taxes.

## **Capital Hill Hotels Group London Limited**

### **Notes to the Financial Statements**

*For the year ended 31 December 2020 (continued)*

#### **2 Accounting policies (continued)**

##### **(e) Revenue recognition (continued)**

###### Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

##### **(f) Foreign currencies**

In preparing these financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

##### **(g) Depreciation**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation is provided to write off the cost less estimated residual value, of each asset evenly over its expected useful life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Land and buildings	35 - 50 years
Building surface finishes	5 - 20 years
Plant and machinery	3 - 15 years
Furniture and equipment	3 - 5 years

##### **(h) Impairment of non-financial assets**

At the end of each reporting period, the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the investments is estimated in order to determine the extent of the impairment loss (if any). The impairment review is performed on an income generating unit basis.

## **Capital Hill Hotels Group London Limited**

### **Notes to the Financial Statements**

*For the year ended 31 December 2020 (continued)*

#### **2 Accounting policies (continued)**

##### **(i) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

##### **(j) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as non-current assets of the company at the lower of their fair value at the date of commencement of the lease and at the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

##### **(k) Defined contribution pension obligation**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

## **Capital Hill Hotels Group London Limited**

### **Notes to the Financial Statements**

*For the year ended 31 December 2020 (continued)*

#### **2 Accounting policies (continued)**

##### **(1) Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

The company's non-derivative financial instruments include loans and receivables and other financial liabilities.

##### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments. These include:

##### ***Trade and other receivables***

Other receivables are initially recognised at fair value, based upon discounted cash flows at prevailing interest rates for similar instruments, or at their nominal amount less expected credit losses if due in less than 12 months. Subsequent to initial recognition, other receivables are valued at amortised cost less expected credit losses.

##### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. The cash and cash equivalents are stated at their nominal values, as this approximates to amortised cost.

##### ***Other financial liabilities***

Other financial liabilities (including loans and borrowings and other payables) are subsequently measured at amortised cost using the effective interest method.

##### ***Trade and other payables***

Other payables are initially recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost.

##### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

##### ***Impairment of financial assets***

The company always recognises expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

## **Capital Hill Hotels Group London Limited**

### **Notes to the Financial Statements**

*For the year ended 31 December 2020 (continued)*

#### **2 Accounting policies (continued)**

##### **(l) Financial instruments (continued)**

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss.

##### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### ***Derecognition of financial assets***

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Any interest in such transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

##### ***Derecognition of financial liabilities***

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### **(m) Taxation**

Tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## **Capital Hill Hotels Group London Limited**

### **Notes to the Financial Statements**

*For the year ended 31 December 2020 (continued)*

#### **2 Accounting policies (continued)**

##### **(m) Taxation (continued)**

###### ***Deferred tax***

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### ***Key sources of estimation uncertainty***

The key sources of estimation uncertainty at the balance sheet date, that may have had a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below.

###### ***Impairment of related party receivables***

The recoverability of related party receivables are assessed based on factors specific to each individual receivable. Based on the assessment made during the year related party receivables are not considered to be impaired, refer to note 14.

## Capital Hill Hotels Group London Limited

### Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then the depreciation charges in the financial statements would increase and the carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 12 and details of the useful lives are included within the accounting policy.

#### 4 Revenue

The revenue of the company is derived from its principal activity of owning and operating hotels in the United Kingdom. The analysis of the company's revenue for the year from continued operations is as follows:

	2020 £ 000	2019 £ 000
Rooms	4,334	29,359
Food and beverage	1,477	8,425
Other	342	902
	<u>6,153</u>	<u>38,686</u>

#### 5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020 £ 000	2019 £ 000
Government grants	<u>3,084</u>	<u>-</u>

#### 6 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2020 £ 000	2019 £ 000
Loss from intercompany loan impairment	<u>-</u>	<u>12,360</u>

## Capital Hill Hotels Group London Limited

### Notes to the Financial Statements

*For the year ended 31 December 2020 (continued)*

#### 7 Operating loss

Loss for the period has been arrived at after charging:

	2020 £ 000	2019 £ 000
Depreciation of property, plant and equipment	3,359	3,865
Staff costs (note 9)	8,194	12,381

#### 8 Finance costs

	2020 £ 000	2019 £ 000
Interest paid to group undertakings	40	2,962
Interest paid in respect of finance leases	75	75
	115	3,037

#### 9 Staff costs

The average number of salaried staff employed, excluding directors, during the year amounted to 279.0 employees (2019: 348 employees). All employees are engaged in hotel operations.

The above numbers are averages for the year and calculated on a full-time equivalent basis. The aggregate payroll costs were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	7,409	11,221
Social security costs	601	919
Pension costs	184	241
	8,194	12,381

#### 10 Directors' remuneration

The directors received no emoluments or benefits from the company for their services in the current or prior year.

The directors represent key management personnel. The directors were paid by a parent entity for their services to the wider group. It is not practical to allocate an amount for their services to this company alone.

## Capital Hill Hotels Group London Limited

### Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

#### 11 Auditors' remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	34	21

Prior year audit fees relate to previous auditors Ernst & Young LLP.

#### 12 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Plant and machinery £ 000	Total £ 000
<b>Cost</b>				
At 1 January 2020	103,890	34,118	14,078	152,086
Additions	274	105	49	428
At 31 December 2020	104,164	34,223	14,127	152,514
<b>Depreciation</b>				
At 1 January 2020	20,281	28,351	10,902	59,534
Charge for the year	745	2,261	353	3,359
At 31 December 2020	21,026	30,612	11,255	62,893
<b>Net book value</b>				
At 31 December 2020	83,138	3,611	2,872	89,621
At 31 December 2019	83,609	5,767	3,176	92,552

Included in the total net book value of land & buildings is a long leasehold property. The ground lease associated with this property is accounted for as a finance lease as disclosed in note 17. The right-of-use asset is included in the present value of the future obligations discounted based on the incremental borrowing rate at the date of lease commencement. The net book value of the right-of-use asset, net of accumulated depreciation of £0.4m (2019: £0.4m), at 31 December 2020 was £0.6m (2019: £0.6m).

Fully depreciated property and equipment are retained in the accounts until they are no longer in use. Cost of fully depreciated property and equipment that are still in use in the company's operations amounted to £22.8m.

## Capital Hill Hotels Group London Limited

### Notes to the Financial Statements

*For the year ended 31 December 2020 (continued)*

#### 13 Inventories

	2020 £ 000	2019 £ 000
Consumables	<u>241</u>	<u>323</u>

#### 14 Trade and other receivables

	2020 £ 000	2019 £ 000
Trade receivables	128	1,068
Receivables from group undertakings	-	945
Prepayments	<u>287</u>	<u>996</u>
	<u>415</u>	<u>3,009</u>

The receivables from group undertakings are recoverable on demand, bear no interest and include an expected credit loss of £Nil (2019: £Nil).

#### 15 Cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank	<u>333</u>	<u>2,699</u>

## Capital Hill Hotels Group London Limited

### Notes to the Financial Statements

*For the year ended 31 December 2020 (continued)*

#### 16 Income tax

Tax (credit)/charge in the income statement

	2020 £ 000	2019 £ 000
<b>Current taxation</b>		
UK corporation tax	-	831
Adjustment in respect of previous years	(833)	30
Corporation tax charge for current period	(833)	861
<b>Deferred taxation</b>		
Reversal of temporary differences	(308)	(284)
Adjustment in respect of previous years	-	220
Effect of changes in tax rate	372	-
Total deferred taxation	64	(64)
<b>Tax (credit)/charge in the income statement</b>	<b>(769)</b>	<b>797</b>

#### *Factors affecting current tax charge for the period*

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss before tax	(8,221)	(10,856)
Corporation tax at standard rate	(1,562)	(2,063)
<b>Effects of:</b>		
Expenses no deductible for tax purposes	36	2,542
Amounts not recognised	-	34
Group relief not recognised	367	-
Adjustments in respect of previous years	18	284
Effect of changes in tax rate	372	-
<b>Total tax (credit)/charge</b>	<b>(769)</b>	<b>797</b>

## Capital Hill Hotels Group London Limited

### Notes to the Financial Statements

*For the year ended 31 December 2020 (continued)*

#### 16 Income tax (continued)

##### *Factors affecting the tax charge in future years*

The standard rate of corporation in the UK was changed from 20% to 19% with effect from 1 April 2017. In the 2016 Budget, the government announced a further reduction in the rate to 17% for the financial year beginning from 1 April 2020. This reduction was overturned by legislation passed in March 2020 with the effect that the corporation tax rate remains at 19%.

In its 2021 Budget, the government announced an increase in the standard rate of corporation tax from 19% to 25%, taking effect from 1 April 2023.

#### 17 Loans and borrowings

	2020 £ 000	2019 £ 000
<b>Non-current loans and borrowings</b>		
Finance lease liabilities (note 21)	1,103	1,103
Loans from group undertakings	3,290	-
	<u>4,393</u>	<u>1,103</u>
<b>Current loans and borrowings</b>		
Loans from group undertakings	-	84,383

The loan from group undertakings was a £84.4m unsecured loan from Capital Hill Hotels Limited repaid on 7 January 2020 when Green UK Bidco Limited acquired the company. The loan was replaced by a repayable on demand, interest free loan payable to Green UK Bidco Limited, reclassified to trade and other payables, see note 20.

UK Investment Company 211 Limited, a fellow subsidiary of Vivion Investments Sarl, issued a series of new loans to the company bearing interest at 5.9% and both principal and interest are due at the 10th anniversary of each loan. At year end, the total value of the loans issued were £3,250,000 and accrued interest was £39,966.

## Capital Hill Hotels Group London Limited

### Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

#### 18 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	3,013	82	3,095
Temporary differences trading	(5)	(1)	(6)
Pension contributions	-	(1)	(1)
Other	147	(16)	131
Net tax liabilities	<u>3,155</u>	<u>64</u>	<u>3,219</u>

The company had no other unrecognised deferred tax assets during the current or prior year.

#### 19 Share capital

##### Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary share of £1	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>

##### Shares authorised

A total of 100 £1 ordinary shares have been authorised for issue (2019: 100).

#### 20 Trade and other payables

	2020 £ 000	2019 £ 000
Trade payables	1,295	1,023
Accrued expenses	579	1,951
Payables to group undertakings	83,497	403
Social security and other taxes	<u>455</u>	<u>962</u>
	<u>85,826</u>	<u>4,339</u>

The payables to group undertakings bear no interest and are repayable on demand.

## Capital Hill Hotels Group London Limited

### Notes to the Financial Statements

*For the year ended 31 December 2020 (continued)*

#### 21 Obligations under leases

##### Finance lease arrangements

	2020 £ 000	2019 £ 000
Within one year	75	75
Between one and five years	300	300
Later than five years	9,075	9,125
Total minimum lease payments	9,450	9,525
Less: future interest costs	(8,347)	(8,422)
Present value of minimum lease payments	1,103	1,103

The company acquired a leasehold property that is held at cost less accumulated depreciation within land and buildings. The ground lease associated with this property is accounted for as a finance lease. Finance lease payments represent ground rent payable by the company on a lease term of 150 years from 1 January 1997 to 31 December 2146. A restriction on use is placed on the building in that it will not be used otherwise than as a high-quality hotel or high-class offices in keeping with the prestigious nature of the present listed building. The lease is on a fixed repayment basis and subject to rent reviews every 20 years with the first having taken place in June 2017. This contingent rental is calculated by reference to a retail price index.

#### 22 Pension and other schemes

##### *Defined contribution pension scheme*

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £184,116 (2019: £241,000).

There were no contributions outstanding at year-end (2019: £Nil).

#### 23 Related party transactions

The company has taken advantage of the exemption to not disclose transactions entered into between wholly owned members of the same group.

## **Capital Hill Hotels Group London Limited**

### **Notes to the Financial Statements**

*For the year ended 31 December 2020 (continued)*

#### **24 Parent and ultimate parent undertaking**

The company's immediate parent is Capital Hill Hotels Group Europe Limited, incorporated in the United Kingdom. Its registered address is Holiday Inn London Heathrow M4 J4, Sipson Road, UB7 0JU, United Kingdom.

The largest group to consolidate these financial statements is that of Turanco Investments Limited. The consolidated financial statements of Turanco Investments Limited for the year ended 31 December 2020 are available to the public and may be obtained from its registered address and principal place of business, Vyzantiou 30, Office 31, Strovolos, 2064, Nicosia, Cyprus.

The smallest group to consolidate these financial statements is that of Vivion Investments Sarl. The consolidated financial statements of Vivion Investments Sarl for the year ended 31 December 2020 are available to the public and may be obtained from its registered address 155 rue Cents, L-1319, Luxembourg.

#### **25 Subsequent events**

On 28 July 2021, the company disposed of all its property, plant and equipment through a sale & leaseback arrangement to two subsidiary entities. On 30 July 2021, the company disposed of its hotel operations to two related party entities.